

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF       )  
DELMARVA POWER & LIGHT COMPANY               )  
FOR APPROVAL OF MODIFICATIONS               )     PSC DOCKET NO. 10-295F  
TO ITS GAS COST RATES                               )  
(FILED AUGUST 31, 2010)                               )

PUBLIC NOTICE  
OF  
PUBLIC COMMENT SESSION

TO:     ALL NATURAL GAS CUSTOMERS OF DELMARVA POWER &  
          LIGHT COMPANY AND OTHER INTERESTED PERSONS

A Hearing Examiner of the Delaware Public Service Commission (the "Commission") will conduct a public evidentiary hearing concerning the above-captioned case (as further explained below) at the following time and location:

<u>DATE</u>	<u>TIME</u>	<u>LOCATION</u>
Friday, June 3, 2011	10:00 a.m.	Third Floor Conference Room Carvel State Office Building, 820 North French Street, Wilmington, Delaware 19801

*Anyone planning to attend the public comment session should consult the Commission's website prior to the event for any changes or cancellations in the time, place or date.*

On August 31, 2010, pursuant to 26 Del. C. §§304 and 306, Delmarva Power & Light Company ("Delmarva" or "the Company"), filed an Application (the "Application") with the Delaware Public Service Commission ("the Commission") seeking to increase its gas cost rates for Gas Cost Year ("GCY") 2010-2011 as follows.

**Proposed GCR Rates**

Rate Schedules	Current	Proposed	Change from Current
RG, GG, GL	93.959¢/ccf	94.042¢/ccf	0.083¢/ccf
LVG and MVG Demand	\$9.5152/Mcf of MDQ	\$12.0266/MCF of MDQ	\$2.5114/MCF of MDQ

Non-Electing MVG Commodity	\$7.9076/Mcf	\$7.5811/Mcf	(\$0.3265)/Mcf
LVG and Electing MVG Commodity	Varies Monthly	Varies Monthly	N/A

Under the proposed rates, residential space heating customers using 120 ccf in a winter month would experience an increase of \$0.10, or 0.1%, in their total bill. GG customers would experience either no change or an approximate 0.1% increase in their total bills. Non-electing MVG customers would experience a change in their total monthly bills ranging from a 0.1% increase to a 2.3% decrease, depending on load and usage characteristics. The rates proposed by Delmarva involve a two year amortization (or spreading) of a forecasted \$24.5 million underrecovery of gas costs from GCY 2009- 2010.

Under Section 303(b) of the Public Utilities Act of 1974, public utilities submit annual applications to adjust the level of fuel costs that are included in their rates. Section 303(b) further provides that the fuel costs are reconciled from year to year so that the utility recovers only the amount spent on fuel and no more. The Company's tariff contains a similar provision and a formula for reconciling over- or under-recoveries of gas costs from a preceding year. If Delmarva's request to spread the recovery over a *two year period is not approved*, the standard one-year recovery would apply. Standard one-year recovery would result in rates as follows.

**Standard Gas Cost Recovery ("GCR") Rates**

<b>Rate Schedules</b>	<b>Current</b>	<b>Proposed</b>	<b>Change from Current</b>
RG, GG, GL	93.959¢/ccf	103.738¢/ccf	9.779¢/ccf
LVG and MVG Demand	\$9.5152/Mcf of MDQ	\$12.0266/MCF of MDQ	\$2.5114/MCF of MDQ
Non-Electing MVG Commodity	\$7.9076/Mcf	\$8.5507/Mcf	\$0.6431/Mcf
LVG and Electing MVG Commodity	Varies Monthly	Varies Monthly	N/A

Under the standard one-year recovery, a residential space heating customer using 120 ccf in a winter month would experience an increase of \$11.74, or 6.9%, in his total bill. Commercial and industrial customers would experience increases ranging from 3.9% to 8.2%.

In addition, the Application requests approval of the Company's proposal to reconcile and true-up actual versus estimated monthly Commodity Cost Rate assignments for sales under the LVG and "electing" MVG Service Classifications.

On September 21, 2010, the Company filed a letter application requesting the Commission to waive Delmarva's tariff provisions requiring annual reconciliation of gas cost over- or under-recoveries, in order for it to place in effect the two-year cost amortization mechanism into effect on November 1, 2010, with proration and subject to refund, pending the Commission's investigation and determination. The Commission granted the Company's request allowing it to place into effect the Company's proposed two-year spreading mitigation mechanism on November 1, 2010, with proration and subject to refund, and pending the completion of evidentiary hearings and any other further proceedings that may be deemed necessary.

#### **PURPOSE OF EVIDENTIARY HEARINGS**

The Commission will make its decision concerning this matter, including the any proposed settlement, on the basis of the evidence of record taken at the public evidentiary hearings and will consider the public comments received at the public comment hearing held on November 17, 2010 and any comments submitted to the Commission in writing. Evidentiary Hearings are conducted to formally introduce evidence,

including proposed settlements, into the record and to make available for cross-examination the parties' witnesses, including testimony that may be offered with respect to any agreement that may be reached prior to the hearings. Only those persons or entities that have been granted intervention in this matter will be permitted to present witnesses, conduct cross-examination or introduce evidence in this proceeding. Members of the public are welcome to attend the evidentiary hearings as observers.

You may review the documents related to this matter during normal business hours in the Commission's Dover office at the address listed above or on the Commission's website at <http://dep.sc.delaware.gov/dockets/09414/09414.shtml>. You may also review copies of the documents at the office of the Division of the Public Advocate located at the Carvel State Office Building, 4th Floor, 820 North French Street, Wilmington, Delaware 19801. Please call (302) 577-5077 to arrange for a time to review the documents at that location.

You may contact the Commission in person, by writing, by telephone (including text telephone) or by Internet e-mail. If you have questions about this matter, you can call the Commission at 1-800-282-8574 (toll-free in Delaware) or you may call (302) 736-7500 (voice). You may also send questions or request information by Internet e-mail addressed to [susan.neidig@state.de.us](mailto:susan.neidig@state.de.us). If you have a disability and wish to participate in, or to review the materials in these proceedings, please contact the Commission to discuss any auxiliary aids or services that you might need to help you.

